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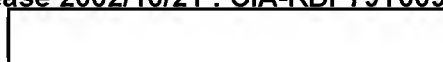


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1. HATTA FORESEES CONTINUED STRIFE IN INDONESIA

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Former vice president Hatta expects turmoil in Indonesia to continue for approximately two months, by which time he believes President Sukarno will become aware of the sizable opposition to his plan for a "guided democracy" and of the extent to which the Communists are using his proposal for their own purposes. When Sukarno becomes aware that his plan is moving the country toward civil war, Hatta told the American ambassador, a formula will have to be devised to save face for him and "compel the Communists into acquiescence." Hatta said, however, he had "absolutely no idea" what such a formula could be.

Hatta believes that unless events take this turn, civil war will come sooner or later. Meanwhile, he plans to work with the Moslem parties, certain army circles, the civil service, and various organizations at the village level to encourage unity among all these elements and keep alive resistance to Communism. He will also work "as effectively as political discretion permits" to improve conditions in strongly anti-Communist Sumatra.

Comment

Hatta resigned as vice president on 1 December largely as the result of increasing disagreement with Sukarno over Communist activity in Indonesia. Sumatra-born, he has widespread support in all non-Javanese areas, and, as the foremost revolutionary leader next to Sukarno, is known and respected throughout Indonesia. As such he is potentially the most effective antagonist to Sukarno among Indonesian leaders.

Hatta has long been a primary target of the Communists, whose present mass campaign to support Sukarno's concept specifically demands that Hatta not be included in the reorganized government.

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5. CESSATION OF KREMLIN'S ANTI-POLISH CAMPAIGN

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Reports that the Kremlin had assured Warsaw "prior to 21 February" that the anti-Polish press campaign in the Soviet Union and the Satellites would cease immediately appear to be supported by the lack of such polemics since that date. There has been no rebuttal of the 9 February articles of the principal government and party papers in Poland which defended the Polish concept of "democratization" and committed the Gomulka regime itself to the debate.

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The recently reported replacement of the liberal editor of the principal party organ Trybuna Ludu by Leon Kasman, who had edited the paper during the Stalinist Bierut regime, suggests a reciprocal Polish promise to curb the outspoken journalism in Poland that has been the basis of much of the Kremlin's irritation.

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7. U NU REAPPOINTED BURMESE PRIME MINISTER

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The Burmese Chamber of Deputies on 28 February unanimously reappointed U Nu as Burmese prime minister. Nu had turned over his office to Socialist Ba Swe last June, citing a desire to devote his full attention to the reorganization and "purification" of the Anti-Fascist People's Freedom League, the government coalition. For the past three months, however, Nu has been maneuvering intensively, against the opposition of the strong Socialist Party faction of the League, to regain the prime ministership.

While Nu's return probably foreshadows no basic foreign policy changes, he is apt to be more easily manipulated by Communist leaders such as Chou En-lai than the more calculating Ba Swe. Recent reports have indicated that in domestic policy, Nu may be amenable to a new effort to reach a settlement with the insurgent Communists.

The outgoing prime minister will still be a powerful figure. He is to become one of four deputy prime ministers, and retain the portfolio for defense.

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8. RESIGNATION OF FINNISH GOVERNMENT

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Social Democratic prime minister Fagerholm's coalition cabinet resigned on 1 March following the withdrawal of the six Agrarian Party members. This climaxes a prolonged dispute over means of combating Finland's growing inflation. Socialist insistence on a proposal to reduce the prices of some farm products in order to keep organized labor's demands for wage hikes within bounds brought on the Agrarian resignations.

It seems unlikely that any effective government can be formed without Agrarian participation, although many Socialists feel that labor has more in common with the parties representing business interests than with the farmers. The Communist-front Finnish People's Democratic League, which controls about one fifth of the seats in parliament, is unlikely to secure representation in any new government.

Social Democratic finance minister Simonen, a strong party leader, is regarded as a possible successor to Fagerholm, who had previously announced his willingness to retire. Failing a new parliamentary coalition, however, a "nonpolitical" cabinet of civil servants might be formed to deal with the country's pressing economic problems on an emergency basis.

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